ABSTRACT

The UK construction industry has often been regarded as a pariah; attracting criticism for having little regard for the environment, for being confrontational with its clients and for being inconsiderate and uncaring towards society.

Corporate Social Responsibility is a relatively recent, but rapidly expanding high-profile phenomenon that influences organisations to consider the impact that their working practices have upon the environment and society.

This paper examines the organisational, environmental and cultural factors that contribute to the UK construction industry's tarnished public image. The paper also outlines the essential tenets of Corporate Social Responsibility and identifies a selection of organisations from the UK construction industry that have embraced socially responsible business practices and have made a positive impact upon society.

The paper is structured on the following three themes:

- Corporate Social Responsibility – defined
- Corporate Social Responsibility – development
- Corporate Social Responsibility – demonstrated

KEY WORDS

Corporate Social Responsibility; Societal Stakeholders; Organisational Culture
INTRODUCTION

The impact of property development and construction work all too frequently attracts hostility among the local community. Typical construction activities including mineral extraction, construction, maintenance and demolition cause serious inconvenience, disturbance and disruption to the general public and natural environment. The substantial amount of raw materials required to supply the construction industry make it very resource-exploitative.

The construction industry is a very visible, high-impact industry and as Baldry (1997) aptly states, conducts its affairs almost totally in the public arena. This high-impact feature can however be considered a business enhancing opportunity for those construction organisations willing to embrace the challenge of implementing a corporate social responsible approach to their business operations.

Corporate Social Responsibility defined.

Numerous definitions of corporate social responsibility exist but they generally consider the inter-relationship between business ethics and the impact that organisations have upon society and the natural environment. Business for Social Responsibility (BSR, 2003) advise that CSR generally refers to the business decision making links to the ethical values, compliance with legal requirements and respect for people, communities and the environment.

Bloom & Gundlach (2001) encapsulate the broad tenets of CSR as; ‘The obligations of the firm to its stakeholders – people and groups who can affect or who are affected by corporate policies and practices. These obligations go beyond legal requirements and the company’s duties to its shareholders’. Moir (2001) suggests that businesses have ethical and economic obligations by defining CSR as, ‘... the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of the workforce and their families as well as of the local community and society at large.’
Figure 1 illustrates the cultural, environmental and organisational factors that contribute to the negative public image of the construction industry. By implementing effective community-focused Corporate Social Responsibility initiatives, contractors can ameliorate many of these factors and improve the presentation and performance of the industry.
CSR could therefore be considered as an ‘umbrella’ term which incorporates and aligns the tenets of business ethics, governance, public relations, stakeholder analysis and relationship marketing. The culture of an organisation will also have a direct influence upon its willingness to embrace and discharge its social responsibilities. Schwartz and Davis (1981) cited in Brown (1995), defines organisational culture as, ‘… a pattern of beliefs and expectations shared by the organisation’s members. These beliefs and expectations produce norms that powerfully shape the behaviour of individuals and groups in the organisation’. Such behaviour patterns are instrumental in effecting public opinion, Barthorpe (1999) therefore contends that organisations should consider using their public relations policy as a strategic management tool which could be used to establish and improve their reputation in the local community. CSR Initiatives undertaken by contractors that tackle social problems such as crime prevention will be mutually beneficial in reducing socially unacceptable behaviour in the community and in providing reciprocal ‘free policing’ from supportive neighbours for the contractors.

Key to the success of corporate social responsible behaviour is the adoption of what Barthorpe (2002) describes as a societal stakeholder culture, where organisations acknowledge that they affect and are affected by the interests and actions of society at large. The traditionally held concept that stakeholders are just limited to those individuals and organisations that have financial or legal commitments with each other has changed significantly over the past two decades with the emerging plethora of environmental interest groups, lobbyists and social activists who campaign for improved environmental and social compliance from businesses.

Johnson and Scholes (1997) contend that stakeholder groups can emerge as a result of a specific event. Construction projects are by their very nature specific events, which due to their usually disruptive operations generally create an unwelcome intrusion among the local community. The implementation of CSR initiatives by contractors and developers that address these social and environmental concerns can therefore be seen as an important catalyst in promoting the charm offensive necessary to restore public confidence and respect for the construction industry.

Corporate Social Responsibility development

According to CIRIA (2002) corporate social responsibility (CSR) has grown over the last five years into a powerful agenda. The UK government is taking this agenda seriously by appointing Kim Howells MP, Minister for Consumer and Corporate Affairs as Minister for Corporate Social Responsibility in March 2000 with the mandate to co-ordinate CSR policy across both the private and public sectors, societyandbusiness (2001). Howells states that, ‘there is clear evidence that businesses of all sizes are taking CSR seriously. It is a major component of a company’s intangible assets. Increasingly intangibles are taking on greater significance in determining how investors view the present and future health of companies’.

A survey undertaken by Market & Opinion Research International (MORI 2000) of over 2000 adults in Great Britain, identified seven key themes associated with CSR:

- Responsibility towards customers 20%
- Responsibility towards the local community 17%
- Responsibility towards employees 11%
- Responsibility towards the environment 7%
- Acting responsibly / ethically 5%
- Being profitable / successful 4%
- Responsibility towards their shareholders 4%
According to societyandbusiness (2001) earlier research conducted by (MORI) throughout the 1990’s consistently found that the vast majority of people believed that a company that supports society and the community is a good company to work for.

Advocates of the Corporate Social Responsible (CSR) approach derive their support from a genuine notion that in modern society, doing well and doing good can actually go hand in hand. It is an approach which seeks to break away from the old, traditionally held idea that economic, social and environment objectives are mutually exclusive and challenges companies to review their practices with regard to the impact they have on the society as a whole. Societal and economic policies are seen as working in union and not in conflict. This, in effect is the spirit of sustainable development which founds itself on the premises that:

- Long term economic success is not be achieved if practices are detrimental to the environment
- Investment in people is an economic necessity not a drain to be endured
- Success will not last if sections of society are excluded from its benefits.

The relationship between companies and the society in which they operate is becoming increasingly complex. Over and above the responsibility of paying taxes, creating employment and providing services, companies are being expected to contribute to society and initiate ways in which the community can be further involved.

As yet CSR is not bound by statutory requirements and is implemented voluntarily beyond legal minimum requirements. Associated regulations already exist however which set standards for environmental impact, minimum wage and health and safety. Any further bureaucratic red tape would perhaps not be welcome and would suppress the innovation and creativity which are crucial to effective CSR implementation. The onus is instead placed on the company to transcend regulations and build upon its own strengths and interests, and seek ways to harmonise these within wider society. The Corporate Citizenship Company (CCS 2003) however has developed a stand-alone Windows 95/8 configured computer programme called Corporate Economic, Social & Environmental Reporter (CeseR) for collecting, analysing and reporting on corporate performance in a number of areas not covered by conventional Management Information Systems. The software collates information on company performance in 30 key areas of concern to the following 7 ‘stakeholder’ groups:

- Investors
- National Governments
- Employees
- Brand consumers
- Local communities
- Business partners
- Environmental

Besides its role as a data collection and consolidation tool the Corporate Citizenship Company claim that CeseR can also act as a convenient computerised source of corporate policy statements and guidelines.

According to the Association of British Insurers (ABI 2001) all stock market quoted companies in Britain are required to include in their annual reports a section on their approach to managing and exploiting risks. The Turnbull Report, (1999) addressing governance of Britain’s companies made it clear that social, ethical and environmental risks are inherent in modern business and should be approached in a similar fashion to conventional financial and physical risks.
Companies are further encouraged to produce open and transparent channels of reporting. The Modernising Company Law White Paper (2002) proposes that a Company should provide more qualitative and forward thinking information that goes beyond traditional reporting of accounts. This would include information regarding the Company’s impact on the environment and its relationship with employees and the community in which it operates.

The UK Government intends that the key for companies is not to see it as a public relations exercise per se, as architect construction critic Sir John Egan (Dti. 2002) states, ‘Not as philanthropy but as mainstream to the business – justified not just by altruism, but on sound business grounds’. Sir John believes that unless it is entered into on this basis it will not survive.

It is evident that by translating CSR principals into physical initiatives a company’s image can be vastly improved. Any ‘feel good’ venture that involves the wider community, whether this be as a one off extravaganza or an ongoing scheme for job creation for example, attracts positive media coverage. In this respect it is hard to uncover genuine motives. The gauge may therefore be the extent to which CSR philosophies and tenets are subsumed into a company’s corporate plan.

Although the imperative to formulate and implement CSR initiatives are primarily the responsibility of a company, the British Prime Minister, Tony Blair Rt. Hon. MP (Dti. 2002) stated that, ‘Too much has been imposed from above, when experience shows that success depends on communities themselves having the power and taking the responsibility to make things better’.

**Corporate Social Responsibility demonstrated**

The construction industry can clearly demonstrate its commitment to responsible behaviour, thereby improving its public image by focusing on several core aspects of CSR. Preece and Moodley (2002) suggest that the areas that society require construction to behave more responsibly are in; health and safety, sustainability, environment, employment relations, customer/client relations, diversity, quality and community relations.

Several organisations exist in the UK that offer construction organisations ideal structures to facilitate CSR in the community; The first construction-specific CSR facilitating initiative in the UK is the Considerate Constructors Scheme (CCS, 2002) which was established in 1997 following recommendations emanating from the Latham report, Constructing the Team (Latham, 1994) and Building a better image (CIB, 1997). The CCS requires contractors that register their sites to commit to an eight point Code of Considerate Practice that seeks to:

- Minimise any disturbance or negative impact (noise, dust, inconvenience)
- Eradicate offensive behaviour and language from construction sites
- Recognise and reward the constructor’s commitment to raise standards of site management, safety and environmental compliance above statutory levels.

Barthorpe (2003) suggests that by conscientiously applying the Considerate Constructors Scheme Code of Considerate Practice, contractors and developers have the potential to significantly improve their relationship with the community. Furthermore prestigious nationally recognised CCS awards are available to the best performing contractors.

Business in the Community (BITC) is, according to Teller (2003) the UK’s largest corporate responsibility organisation, having a core membership of 700 companies, representing over three quarters of the Financial Times Share Index (FTSE 100) organisations. Since 2001, all FTSE-100 companies have to provide information about their environmental performance and social impact to the FTSE4GoodIndex.
Before the formal advent of CSR as a recognised phenomenon, it could be argued that UK contractors and property developers have already had a long tradition of implementing the fundamental tenets of CSR in the community by providing financial donations, sponsorships, training and disaster relief expertise. Many construction benefactors, especially those whose founders had religious affiliations and convictions (for example, John Laing) have a commendable track record of benevolence. Research by MORI (2000) suggests that employee motivation and commitment is higher where employers encourage their workers to get involved in community enhancing initiatives.

### UK Contractor  |  Examples of CSR initiatives
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George Wimpey  
www.wimpey.co.uk  |  Local and national charity support and donations. Commitment to environmental and sustainable construction.
Laing Group  
www.laing.com  |  National BITC Excellence Award for providing training centres for local and disadvantaged people in London. Financial donations.
Bovis  
www.bovis.com  |  Community Foundation established in 1983. Annual Global Community Day established in 1996 requiring employees to set aside a day each year to demonstrate practical care for the community.
Taylor Woodrow  
www.taylorwoodrow.com  |  Community policy emphasising holistic application of CSR principles at head office and at project level for the local community.
Costain  
www.costainco.uk  |  ‘Community Chest’ initiative established to encourage employees themselves to utilise corporate grants and donations budget in the community.
Lovell Partnerships  
www.lovellpartnerships.co.uk  |  Sponsored events organised to support local charities. Goodwill building projects in local community. Crime prevention initiatives.
Carillion  
www.carillionplc.com  |  BITC Company of the Year 2003 award for sustainability and environmental issues.

Figure 2  
Sample survey of national size UK contractors CSR activities

Figure 2 illustrates an interesting diversity of CSR related activity selected from a recent review by the authors of national UK contractors web sites and annual company accounts. Many of the contractors identified routinely invite local schools to visit their sites and support curriculum based projects. Site based events are often co-ordinated by the Construction Industry Training Board (CITB) particularly when associated with the annual National Construction Week activities.

With the global trend for increasing accountability, these actions are likely to be formally reported, recorded and benchmarked using CeSar, BITC or similar voluntary CSR audit systems in the future. According to Hodgkinson (2003) ‘Environmental matters, external charitable activities and work-life balance are all key issues to them (employees). We know this because they go straight to these subjects on company websites. So if companies are not covering them, they’re losing applicants’.

The implementation of CSR can influence significantly how contractors carry out their tasks and conduct their operations. From board room level strategy formulation to site operation level tasks. Corporate social responsible contractors will wish to demonstrate ethically prudent, environmentally friendly and socially sensitive business practices.
The emergence of the ‘sustainable development’ and ‘sustainable construction’ agenda in the past decade has provided an important mandate for developers, designers and contractors to align their values, goals and objectives more closely with the aspirations of an increasingly discerning society.

There is an increasing level of expectation from clients, local authorities and the general public for contractors to attain higher standards of environmental and social performance. The essential tenets of CSR require transparent, open lines of communication which are founded on trust; a notion which currently sits uneasily with the construction industry’s traditional adversarial working culture. It is incumbent upon all organisations to operate with environmental sensitivity. The natural resource exploitative nature of the construction industry requires particular commitment to sustainable business practices.

CONCLUSIONS

This paper has considered Corporate Social Responsibility in three themes;
- CSR defined
- CSR development
- CSR demonstrated

Relevant and complimentary, inter-related concepts such as organisational culture, stakeholders and societal stakeholder culture have also been considered to allow an appreciation of the broad tenets of CSR.

For those contractors willing to create harmonious relationships with the local communities in which they work, the potential for capitalising on this for strategic competitive advantage is significant. The Considerate Constructors Scheme and the Business in the Community initiatives provide ideal frameworks for contractors and developers to implement CSR.

CSR may not be long-established or formally embedded in the mainstream construction and property industry policies and procedures but ample evidence of exemplary CSR in practice does already exist among UK developers and contractors. Increasing pressure from government and society upon businesses to publicly report upon CSR will exert pressure upon these businesses to formalise their practices into established policies and procedures.

Any organisation has the potential if not the inclination to engage in community-enhancing initiatives even if it is at its most basic level by providing financial support or sponsorship. With its extensive interdisciplinary skills base and diverse network of influential contacts, few industries are better equipped to implement CSR than the construction industry.

Being socially responsible is therefore not just about being altruistic or philanthropic but it makes sound business sense. CSR should not therefore be an imposition upon contractors, but an imperative.
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